



Memorandum # 16/2003

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Retiree Contribution Limitations and Retroactive Contract Settlements

DATE: May 6, 2003

In PERAC Memo #38/2002, the Commission directed retirement boards to cease taking any retirement contributions from retirees. The Commission subsequently received inquiries regarding taking contributions and counting as regular compensation salary/wages that is paid after retirement as a result of a retroactive contract settlement. After consulting with special tax counsel, the Commission has determined that such salary/wages is “compensation in the limitation year” and as such must be included in a member’s retirement calculation. Therefore, retirement boards shall collect retirement deductions after a member has retired if the contributions are from retroactive regular compensation for periods during the member’s employment. The boards shall recalculate any affected retirees and pay increased retirement allowances, if any, retroactive to the date of retirement.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.